

May 23, 2013

To: HR Contacts, Fiscal Officer Contacts, ND Agency Directors

The following guidelines are provided for employee compensation planning for July 1, 2013 per HB1015, Sections 13 & 14.

July 1, 2013 (paid August 1)

- Performance Component: Range of 3-5% (budgeted at average of 4%)
 - Base Increase of 3% for employees meeting performance standards
 - Base Increase up to 5% for employees whose overall documented performance exceeds standards
 - Base Increase of less than 3% may be considered if portions of an employee's documented performance do not meet standards but the employee's overall performance is acceptable
 - If an employee's overall documented performance does not meet standards, he/she is not eligible for any increase. (i.e. performance improvement plan in place, job may be in jeopardy)
- Market Component
 - Base Increase up to 2% for employees whose salary is in the 1st quartile of their 2012-2013 salary range
 - Base Increase up to 1% for employees whose salary is in the 2nd quartile of their 2012-2013 salary range
 - Flexibility is allowed to avoid creating equity issues due to the market component
 - If an employee's overall documented performance does not meet standard, he/she is not eligible for any increase. (i.e. performance improvement plan in place, job may be in jeopardy)
- In the budget development, each of the increase components was independently calculated on the Base Salary (no compounding of Performance & Market)
- HRMS is proposing an increase to the salary ranges of 3% on July 1, 2013 and July 1, 2014. The State Personnel Board will be considering that recommendation in their meeting on June 4 and the new ranges will be published at that time.
- Additional Considerations
 - Increases for regular non-classified employees are to be in a range of 3-5% (July 2013) based on market and documented performance. (budgeted at average of 4%)
 - Probationary employees are not entitled to the market or performance increases but may be given all or a portion of the increases upon completion of the probationary period at the discretion of the agency.

- In all instances, an employee whose documented overall performance does not meet standards is not eligible for any salary increase.
- On January 1, 2014 the state will contribute an additional 1% to the retirement fund along with an additional 1% deduction from each employee's salary toward the retirement fund. As of January 1, 2014 the contributions will be:
 - 7.12% - State Contribution
 - 4% - Employee Contribution paid by the State
 - 3% - Employee Contribution by payroll deduction
 - 1.14% - Retiree Health Contribution paid by the State
- The State is providing an additional \$95/month Health Insurance Premium contribution (approx. 2.4% based on overall average salary).

Attached is a 'generic' spreadsheet sample of a model that HRMS will provide to each agency. The model spreadsheet is based on filled classified and nonclassified positions as of May 1, 2013. The legislative appropriation for the 2013-15 compensation package was based on October 1, 2012 payroll data. Cell G13 of the attached spreadsheet shows the total appropriation for your agency for compensation package changes for 2013-15.

Compensation and personnel changes since October will result in a variance between the amount calculated on the attached spreadsheet and the amount included in your agency's appropriation. Salary increases for any positions that were vacant in the October 1, 2012 payroll data, as well as any newly authorized positions included in the executive budget, were budgeted using the average salary increase for your agency. Add any new or currently vacant positions to the attached spreadsheet and adjust market and performance increases as appropriate for your agency to develop a salary administration plan. Ensure that your salary administration plan fits within the overall salary authority provided for your agency in the salaries and wages line and the accrued leave payments line for your agency.

HRMS will be providing a specific spreadsheet model to each agency in the next few days. In addition, HRMS staff and OMB Budget staff will be available to meet individually with agencies to provide any assistance.

HR Management Services
Office of Management & Budget